

Message Text

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44

ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 RSR-01 /146 W

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R 290855Z AUG 73

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 8522

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

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E.O. 11652: N/A

TAGS: EIND, EGEN, ECON

SUBJECT: LABOR INTENSIVE FOREIGN INVESTMENTS TO GET
PRIORITY TREATMENT

BEGIN UNCLASSIFIED

SUMMARY: THE GOI FOREIGN INVESTMENT COORDINATING BOARD (BPKM)
HAS ANNOUNCED IT WILL GIVE PRIORITY
TREATMENT TO APPLICATIONS FOR FOREIGN INVESTMENTS
WHICH GUARANTEE CREATION OF A LARGE NUMBER OF
NEW JOBS. FOLLOWING BASED ON REPORT IN USUALLY
RELIABLE KOMPAS, AUGUST 25. END SUMMARY.

1. SPOKESMAN SUWEDI OF BPKM'S PROMOTION BUREAU
TOLD JOURNALISTS DECISION TO FAVOR APPLICATIONS
FOR LABOR-INTENSIVE INVESTMENTS WAS BASED ON
GOVERNMENT'S CONCERN ABOUT GROWING UNEMPLOYMENT.

2. SUWEDI SAID BPKM WOULD GIVE PRIORITY TREATMENT
TO INVESTMENTS IN SUCH FIELDS AS ELECTRONICS AND
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ELECTRICAL APPLIANCES, FOR EXAMPLE,

WHICH WOULD EMPLOY 500 OR MORE WORKERS.
HE MENTIONED SEMI-CONDUCTOR ASSEMBLY OPERATIONS,
SUCH AS ONE RECENTLY APPROVED WHICH WILL EVENTUALLY
EMPLOY 2500 WORKERS, AS EXAMPLE OF TYPE OF
INVESTMENT GOVERNMENT FAVORS.

3. ASKED ABOUT WHICH FIELDS IN THE FUTURE
WOULD BE OPEN TO FOREIGN INVESTMENTS, SUWEDI SAID "IT
WOULD BE BEST TO EXCLUDE FOREIGN INVESTORS
FROM AREAS IN WHICH DOMESTIC INVESTORS CAN
FILL THE NEED."

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4. COMMENT: ALTHOUGH GOI FOREIGN INVESTMENT
POLICY IN THE PAST HAS THEORETICALLY FAVORED
LABOR-INTENSIVE INVESTMENTS, EMPLOYMENT POTENTIAL
HAS NOT ALWAYS BEEN RIGOROUSLY APPLIED AS A
CRITERION FOR EVALUATING FOREIGN INVESTMENT
APPLICATIONS. BPKM STATEMENT DESCRIBED ABOVE
SUGGESTS THIS FACTOR WILL BE GIVEN GREATER WEIGHT
IN FUTURE. US SEMICONDUCTOR MANUFACTURERS SHOULD
FIND CLIMATE ESPECIALLY FAVORABLE; FAIRCHILD'S
INVESTMENT APPLICATION HAS BEEN APPROVED, AND
BOTH TEXAS INSTRUMENTS AND HARRIS SEMICONDUCTOR HAVE
SENT REPS TO JAKARTA RECENTLY TO SCOUT POSSIBILITIES.
GALBRAITH

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